



Bank of Montreal
The First Canadian Bank

Annual Report 1971

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AR49



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AR49

Bank of Montreal

The First Canadian Bank

Head Office
129 St. James Street West
Montreal 126, P.Q.

JUN - 2 1971

Chairman and Chief Executive Officer
G. Arnold Hart

President
J. Leonard Walker

*Executive Vice-President
and General Manager*
Fred H. McNeil

More than 1050 Offices in Canada, the United States, United Kingdom, Continental Europe, Mexico, Argentina, Japan and Hong Kong • Wholly-owned subsidiaries: Bank of Montreal (California), San Francisco, California; Bank of Montreal (Bahamas & Caribbean) Limited, Nassau; Bank of Montreal Jamaica Ltd., Kingston; Hochelaga Holdings, N.V., Amsterdam, The Netherlands • Affiliates: Australian International Finance Corporation Ltd., Melbourne, Australia; Montfield Trust Company Limited, Hamilton, Bermuda • Participations: Joh. Berenberg, Gossler & Co., Hamburg, Germany; Banque Transatlantique, Paris, France • Banking correspondents throughout the world.

Assets \$9,196,000,000



Bank of Montreal Semi-Annual Report

For The Six Months Ended April 30th, 1971

JUN - 2 1971

To Our Shareholders:

Balance of Revenue in the second quarter of the current fiscal year was greater than in the first quarter, but lower than in the corresponding quarter of last year. For the six months' period Balance of Revenue was \$8.8 million less than for the same period in 1970 which was caused by three special factors.

Substantial decreases in loan rates became effective earlier than reductions in contractual rates of interest paid on deposits. Offsetting this in some degree, net interest revenue from the Bank's international operations improved markedly in the second quarter of this year. The elimination of exchange charges on cheques was responsible for a reduction of \$3 million in other revenue.

Expenses other than interest on a year-over-year comparison increased significantly, but their rise in the second quarter over the first quarter was held to only 1.1% and they are continuing to receive close attention.

As mentioned in our previous quarterly reports, we are making no provision for transfers to Accumulated Appropriations for Losses in our interim statements as this can be properly determined only on the basis of the full year's experience.

The comparative statistics taken from the Bank's month-end statement of Assets and Liabilities reflect continued growth in our business.

Chairman and Chief Executive Officer

Statement of Revenue and Expenses *(unaudited)*

For The Six Months Ended April 30th
(thousands of dollars)

	1971	Per Share	1970	Per Share
Revenue				
Income from loans	\$258,479		\$275,566	
Income from securities	49,961		44,979	
Other operating revenue	29,847		32,690	
Total revenue	338,287		353,235	
Expenses				
Interest on deposits	182,901		200,873	
Salaries, pension contributions and other staff benefits	67,448		59,911	
Property expenses, including depreciation	18,466		16,690	
Other operating expenses, including provision for losses on loans based on five-year average loss experience	25,374		22,841	
Total expenses	294,189		300,315	
Balance of revenue	44,098	\$1.29	52,920	\$1.55
Appropriation for losses ⁽¹⁾	—		—	
Balance of profits before income taxes	44,098	1.29	52,920	1.55
Provision for income taxes relating thereto	23,045	.67	27,944	.82
Balance of profits for the period	21,053	.62	24,976	.73
Dividends declared for the period	12,302	.36	12,302	.36

Comparative Statistics

As At April 30th
(millions of dollars)

	1971	1970
Total Assets	\$ 9,196	\$ 8,313
Loans	5,137	4,863
Deposits	8,445	7,601

(1) No provision for transfers to accumulated appropriations for losses.

Financial Highlights

	1971	1970
Total assets	\$10,165,396,925	\$8,730,050,648
Securities	1,862,523,099	1,573,195,713
Loans	5,866,849,193	4,980,582,539
Deposits	9,450,160,806	8,022,958,335
Balance of revenue for the year	96,066,357	93,324,909
Balance of revenue per share	\$2.81	\$2.73
Balance of profits for the year	38,366,357	35,895,841
Balance of profits for the year per share	\$1.12	\$1.05
Dividends	26,312,344	25,628,587
Dividends per share	77¢	75¢
Provision for income taxes – total	48,636,424	50,929,470
Provision for income taxes – total per share	\$1.42	\$1.49
Shareholders' equity	315,026,146	302,972,133
Number of shares issued	34,171,875	34,171,875

Cover:
The bank was host to the world's top skiers in 1971, with its sponsorship of Canada's World Cup ski event, the Bank of Montreal International, at Mont Ste. Anne, Québec. The 1972 event will be held in February at Banff's Mount Norquay.

Address of the Chairman

G. Arnold Hart

The development of headquarters buildings at divisional points across Canada proceeded in 1971 with virtual completion of buildings in Halifax and Winnipeg, and the start of construction of the Bank of Montreal Tower in the Bental Centre, Vancouver. J. Leonard Walker, President and Chief Executive Officer, left, and G. Arnold Hart, Chairman, are seen opposite at the time of the ground-breaking ceremonies in Vancouver.

Owing to the policy of your directors with respect to retirement age, Mr. Paul Bienvenu and Mr. Noe A. Timmins, Jr., will not stand for re-election to the Board today. In addition, and in order to comply with the provisions of section 18(7) of the Bank Act, which limits the number of directors of a bank who may also serve on the board of a Canadian corporation, the names of Mr. N. R. Crump, C.C., and Mr. V. W. Scully, C.M.G., will not be included in the slate of directors. Mr. G. H. Sheppard, having retired from active business, has asked that his name not be submitted for re-election.

Mr. Bienvenu, who has been active in the food industry and in the general business community of this province, was appointed to the Board in September 1959. In February 1950, Mr. Timmins, closely identified with industry and mining in our country, became a director of the Bank. Following his retirement from this Board, he will continue to serve as chairman of our affiliate, Bank of Montreal (Bahamas & Caribbean) Limited, with headquarters in Nassau. Mr. Crump, whose notable contribution to Canada in a variety of endeavours, and in particular as head of the country's leading corporation, is well known, was elected to our Board in December 1955 and served for a time as a member of the Executive Committee. In December 1964, Mr. Scully was elected a director and brought to our deliberations his experience over many years in government and in basic industry. Mr. Sheppard, who has been prominent in many associations at the local, national and international levels, as well as in business, was appointed a director in May 1960.

Each of these gentlemen has made a notable contribution to the conduct of the affairs of the Bank and I am sure the shareholders would wish me to express our deep appreciation for the part they have played in the deliberations of your Board and to extend to them every good wish.

There will be submitted to you today for election the names of four new directors and I shall refer to each of these gentlemen briefly: they are; Mr. Raymond Crépault, Q.C., a partner in the law firm of Crépault, Fortin, Raymond & Trahan, Montreal; Mr. Graham R. Dawson, President of Dawson Construction Ltd., Vancouver; Mr. J. P.

Gordon, President, The Steel Company of Canada, Limited, Toronto; and Mr. J. Blair MacAulay of Winnipeg, a partner in the firm of Aikins, MacAulay & Thorvaldson. We shall welcome these gentlemen to our deliberations.

The international crisis . . .

In reviewing the events of the most economic significance during the past year it is difficult to escape the conclusion that first place should be given to the breakdown of the international trade and payments system signalled by President Nixon's announcement of August 15th. And yet I have a strong feeling that another, essentially domestic, phenomenon may have at least as great an impact, and possibly a more lasting one, on our collective fortunes as Canadians. I refer to the fact that a moment of truth appears to have been reached in Canada in relations between government and business.

As for the changes initiated in Washington, there can be no doubt that resolute action was needed to put the United States economy onto a sustainable, non-inflationary growth path and to induce changes in the international arena such that the United States would be able to continue to make its full contribution to the healthy growth of the world economy. It is not my intention in this address to attempt to assess the appropriateness or effectiveness of the measures taken. What seems to me to be of particular significance is that the turmoil and uncertainty created by their introduction did not divert the attention of the Canadian business community from its deeply felt concern about the effects on the economic and social health of our own country of the continual encroachment by government upon the private sector of the economy.

. . . and Canadian domestic policies

It might be argued that this preoccupation with domestic affairs in the face of international developments of such great import represents a turning inwards by Canadian businessmen comparable to that which is attributed to their opposite numbers in the United States in their apparent endorsement of the new "America first" economic policies. However, I am not at all sure that the two phenomena are related in only this narrow and superficial sense. On the contrary, I believe that the effectiveness of



Canada's response to the challenge of President Nixon's new economic policies will be determined essentially by the extent to which the business community remains free to take the initiative in the conduct of its own affairs without forever being on the defensive in the face of what has often seemed to be, and has even been called, "harassment" at the hands of government.

Harassment is a very strong term, implying as it does the conscious application of measures or pressures designed to keep your opponent off guard and to wear down his will to resist. I would certainly not wish to ascribe any such motivation to the framers of government policies. It is true, nevertheless, that business feels harassed and the effects on confidence, initiative and efficiency are the same.



Rising living standards the goal . . .

The nature of the problems that have led to this feeling are so widely known and recognized that there is no need for me to dwell on the details. I shall only draw upon some of the central issues as appropriate to illustrate my general theme that a change of approach is required if confidence is to be restored and the private sector allowed to play its full role in creating real incomes for Canadians at the least cost in real terms. That, of course, is what economic life is all about. All the other commonly stated objectives expressed in terms of employment, growth, price stability and balance of payments viability are essentially subsidiary to the main economic goal of raising the living standards of all Canadians, individually and collectively.



The path to this goal seems clearer at some times than at others. At the moment the view is rather obscure, not only because of major uncertainties in the international area, but also because of difficulties that have come to the surface in the evolution of the role of government in the economy. In a very general way some of these arise from the tendency in our society to look more and more to government for the solution of all problems, without full appreciation of the effects this has on the very nature of an economic system based on free enterprise. A more specific area of difficulty is to be found in the fact that economic stabilization policies have not been working as well as we had all hoped they would. Management of the economy

Two views of the Bank of Montreal in Vancouver. Opposite, below is the new branch in the city's Chinese district, while below is a model of the Bank of Montreal Tower which is now under construction in the Bentall Centre to house the Bank's British Columbia Division headquarters.



is admittedly a very complex art but there must surely be some way of avoiding the wide swings of policy, often inappropriate and unpredictably timed, that we have experienced in recent years. It may be, as has been suggested by others, that it would be of assistance, both to the government in its planning and to the public at large, if we had in Canada an expert body, properly funded but completely independent of both government and particular interest groups, whose sole purpose would be to analyze short-term influences on the economy and to make forecasts in relation thereto.

... but business contribution inhibited ...

But important as this question is, my main concern today is not with errors or inadequacies of judgement of the sort that such a body would be designed to minimize. It is with the fact that many government measures introduced in recent months and years seem to betray a lack of faith in the free enterprise system itself. This is particularly evident in the increasing tendency to countenance or to encourage the substitution of administrative judgement for the judgement of the market place.

... by government proposals ...

Take the proposed Competition Act as an example. The current version of the bill will be allowed to die on the order paper, and there is no way of knowing at this stage what form it will take when re-introduced. However, while there has been a storm of controversy about the detailed provisions, the trouble seems to me to be even more basic. The really disquieting aspect of this matter is the very fact that the government presented draft legislation which had as its central provision the establishment of a Competitive Practices Tribunal, from whose decisions there would in effect be no appeal, through which the market place and the independent decisions of business managers would be largely subordinated to administrative fiat over a wide range of activities.

... to substitute administrative judgement ...

Another example of this phenomenon is to be found in the recent revelation concerning the contents of the so-called Gray report. While the government's attitude towards the details of that report is not

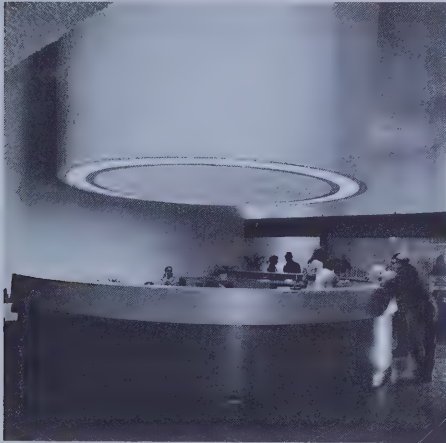
known, it would appear that a decision has been taken in principle to accept its central recommendation, that foreign direct investment in Canada should be subjected to a screening process by an agency with tremendous power to influence Canada's total industrial structure.

On the substance of the foreign ownership issue I continue to hold the view that in most areas of economic activity, provided the Canadian operations of an enterprise conform to Canadian law and Canadian law only, nationality of ownership *per se* is essentially an irrelevant consideration. Leaving this aside, one cannot but view the recommendation for a screening agency with great apprehension. In broadest outline it would put into the hands of an appointed body the power to decide, on the basis of criteria requiring the application of subjective judgement concerning potential economic results, whether direct investment of foreign capital would be permitted.

... for judgement of the market place ...

The proposed screening agency would be bad enough in itself but if established it would not by any means be the only administrative barrier standing in the way of objective, market-oriented decisions concerning the application of external capital to given situations. Certain classes of foreign direct investment would be subject to the adjudication or influence of at least three boards appointed within the framework of legislation either proposed or recently passed at the federal level, quite apart from any impediments that may be imposed at lower levels of government. In the case of a contemplated merger or takeover involving foreign capital, the proposal would have to surmount the hurdle of the Competitive Practices Tribunal which would have to satisfy itself that competition would not be influenced adversely, or that such potential effects would be likely to be offset by other potential advantages. If the merger were given a clean bill of health by that body, it would also have to run the gamut of the proposed screening agency which would decide whether the investment would serve to promote various other Canadian economic policy objectives. Meanwhile, it would have to contend with the possibility that the Board of the Canada Development

At top is the new architecturally striking Mountain and McGregor Branch in Winnipeg. Lower, the Manitoba and Saskatchewan Division headquarters in Winnipeg.



Corporation might move in to block the acquisition (presumably by purchase of a controlling interest in the Canadian firm involved) allegedly in the national interest, as determined subjectively according to criteria which might not be interpreted in precisely the same way by the Canada Development Corporation as by the other two boards. Just imagine the practical problems that would be faced in these circumstances by businessmen seeking to deploy scarce capital in the most effective and productive way.

The Canada Development Corporation is itself another example of the government's apparent acceptance of the idea that the free enterprise system, and the private institutional machinery that has evolved within it, is inadequate to the task of serving Canadian economic interests. Since the corporation is in being there is no point now in repeating all the very compelling arguments that have been advanced over the years against its creation. However, before the newly appointed board goes to work I would urge that as a minimum its powers be amended to preclude its buying the shares of any Canadian enterprise except at the request of, or with the consent of, its owners. Without such a limitation it would have a tremendous potential for interference in the affairs of the private sector. Can anyone doubt that even following the current period, during which the government has full ownership and control of the corporation, it will still be under the dominance of government and operating to all intents and purposes as an extension of government? Can anyone doubt either that, notwithstanding the constraints on government financial participation that are written into the act, ways would be found, should the need arise, for making additional funds available to the corporation? Hence, it is not too far-fetched to suggest that, if the political fashion of the moment so permitted or dictated, the corporation, in the absence of a prohibition on buying shares such as I have suggested, would constitute a ready-made instrument for the effective nationalization of segments of Canadian industry, without the vigorous parliamentary debate that would normally be attendant upon the introduction of legislation with this end in view.

. . . thus endangering free enterprise

My remarks so far have dealt largely with government initiatives which betray a strong tendency to subject the workings of the economy to a regimen of social control through administrative agencies and which in my sincere opinion are fraught with dangers for the continued existence of the free enterprise system which has served this country and the rest of the western world so well in modern times. I am sure that our representatives in Ottawa would say that this is unnecessarily alarmist and that all they are trying to do is to make the system work better. While that is undoubtedly their intention, there is reason to question whether they fully appreciate the extent of bureaucratic control over the economy, and interference with the market, that would be involved if all the proposals now being considered were to become law.

On the other hand, I am encouraged to believe that there is a growing awareness in government circles of the sense of uncertainty about the future that has been created in the business community by the recent avalanche of legislation that would have the effect of changing in a very fundamental sense the way of doing business in this country. There are even grounds for hoping that the government is coming to recognize that the very manner in which these sweeping changes have been introduced has had adverse effects on confidence and on the ability of business to get on with its job.

Uncertainty created . . .

While public discussion of government policies is clearly desirable — and the government is certainly not to be faulted for the ample opportunities it has provided for the presentation of briefs on many of the measures proposed — in practice this process has proved to be very expensive, time-consuming and unsettling. The essential difficulty is that measures designed to implement government policies have all too often been presented for public scrutiny and debate in a form that is not even a close approximation to what could be considered politically and technically acceptable. As a result, the whole community has been kept in a nervous state of uncertainty over extended periods.

. . . by impractical proposals

The long, drawn-out process of tax reform

provides the classic example, and there is no need to elaborate on the stages by which, beginning with the appointment of a Royal Commission almost ten years ago, we have been brought to the point where the debate is still raging in Ottawa on legislation that clearly requires substantial amendment to be either generally acceptable or comprehensible but which is nevertheless being pushed through by a form of closure. The proposed Competition Act, on which I have already commented, has so far shown signs of following a similar route and one can only hope that the revised version to be submitted in due course will adequately reflect the constructive criticisms and comments that have been offered. Otherwise we shall have to endure another frustrating and debilitating round of discussion not only on matters of detail but on questions of principle.

The issues dealt with in the two legislative packages just mentioned admittedly present very complex problems that are not readily amenable to solutions commanding widespread support. This is also true of others I have not even touched upon — such as the proposed new Labour Code which is causing so much controversy, particularly in relation to the provisions dealing with the thorny question of adaptation to technological change, or the massive proposals for a new Business Corporations Law which were circulated for comment about six months ago. The source of the trouble may simply be in trying to do too much too fast, and possibly in trying to treat different kinds of problems in the same legislation. Be that as it may, it seems clear, as I suggested at the outset, that a moment of truth has arrived and a genuine change of approach is required if confidence is to be restored and business allowed to spend its energies productively in an environment free from artificially created uncertainties and inhibitions.

Earlier consultations required . . .

Is there any solution for this unsatisfactory state of affairs? I believe there is and that it is to be found in the direction of improvements in the channels of communication and the process of consultation between the law-makers and the public. In the economic sphere this suggests a need for more meaningful consultations with those segments of the community, notably

The Elora, Ont., branch is considered a pleasing contribution to the business section. Extensive expansion of branches has taken place in the past two years, particularly in Southwestern Ontario and Alberta. In 1971, forty-six new branches were opened in Canada.



business and labour, which in the nature of our society have the primary responsibility for making any policy with economic objectives work effectively. By meaningful consultations I imply a willingness on the part of government to seek informed outside advice early enough in the evolution of plans for legislation to ensure that vested interests are not built up in ideas which, however intellectually appealing they may be, might not meet the tests of economic reality. I also imply a willingness on the part of business to respond by giving government the benefit of its experience in as objective a manner as possible. Obviously no one group, either on the government side or in the private sector has all the answers, or even necessarily the best ones. But a continuing interplay of ideas would help to ensure that we do not arrive at measures that simply will not work.

... to test ideas

In effect, what is needed is a mechanism that would provide a sounding board for the testing of ideas both in principle and in terms of their practical application. I have no clear conception of the institutional structure that would be required to make such a process work. My feeling is that it should be as informal and flexible as possible. Presumably it would involve frequent and regular meetings between government, at both the political and the official level, and small groups of businessmen (or labour as the case may be) broadly representative of the main industrial, commercial and financial interests in the country.

The composition of the groups would no doubt have to change with the subject matter under discussion and there would, of course, be a problem of selection. But it may be that existing national business associations and other groups could set up their own mechanisms for appointing qualified people in response to requests from government for informed practical opinion on matters they have under consideration. Care would obviously have to be taken to ensure that particular interest groups do not become privy to government thinking or plans that could redound to their benefit to the exclusion of others.

I know there are difficulties but with good will they should not be insurmountable. The important thing is that a habit of consultation be developed to ensure that there are sufficient inputs from the private sector into the formation of public policies and that the practicability of proposed measures is tested in advance of their detailed formulation. It seems to me that if some such procedure were developed, difficulties of the sort I mentioned earlier in my address could be minimized. Furthermore, business would not be placed in the position it has so often been in in the past where, in reacting to specific government measures, it has inevitably seemed to be narrowly self-seeking. I am convinced that by and large this is not the motivation of business, which wants our economy to work well, both in its own interests and in the interests of all Canadians. What it seeks is not special favours or preferred treatment but rather to be sure that it is as free as possible from administrative constraints to do what it knows how to do best, in a non-discriminatory competitive environment.

In commenting on all of these matters today, my main purpose has been to point to the need for better understanding in government of the practical problems that are inherent in much proposed legislation. There is a parallel need for fuller appreciation on the part of business of the pressures to which governments are subject. Better communications and earlier consultations in an atmosphere of mutual trust would surely do much to bridge the gap between these two considerations.

Address of the President

J. Leonard Walker

In presenting our 154th annual statement, it is gratifying to be able to report that the Bank's total assets exceeded \$10 billion as at October 31st, a new record high and a notable landmark in our growth. While it took some 11 years to double our position from \$2.5 billion, it has taken only 6 years for us to move from \$5 billion to the present figure. The faster growth in recent years is, in the main, a reflection of three factors — our own more aggressive international stance, the opportunities opened up by the Bank Act revision of 1967, and the magnitude of the monetary expansion since the mid sixties.

In the past year our Canadian dollar deposits averaged some 13% higher than in 1970. Loan growth, however, was not nearly so strong. While a substantial expansion did, in fact, occur in our fourth quarter, the average increase for the year as a whole was only 7%. As a result, our holdings of securities rose by some 23%.

Turning to our activities in foreign currencies, our position grew some 16% above the previous year and the rate of increase in both deposits and loans exceeded the average for the Canadian banking system as a whole. While the growth rate in our foreign currency business was significantly less than that achieved in the immediately preceding years, this was mainly a reflection of a generally less active Euro-dollar market.

The influence on profits of the substantially higher level of the Bank's total earning assets was offset to some extent by a slight fall in our over-all interest margins but, on balance, there was a 9% rise in net interest earnings. Non-interest expenses rose, however, by some 8%. These were the main contributing factors in the increase in balance of revenue of just under 3%.

While this was the smallest increase for several years, the quarter-by-quarter trend in earnings was encouraging. We were the only major Canadian bank to make a consistent improvement in balance of revenue in every quarter of the year and, in fact, our per share earnings in the fourth quarter of 1971 were the highest on record. The good recovery that took place during the year resulted, in no small measure, from continued close attention to maintaining other operating revenue and to

holding down controllable costs.

The sum of \$18 million was transferred to the accumulated appropriations account. This, together with changes in other items, notably an adjustment for higher securities valuation, resulted in a net improvement in this account of \$22 million. Contingency reserves now total \$120 million, of which \$33 million is tax paid.

Dividends paid amounted to 77¢ a share for the year, an increase of 2¢ over 1970, the fourteenth consecutive year in which we have been able to raise our dividend rate. Total shareholders' funds now amount to \$315 million, up 4% in the year, after an addition of \$12 million to the rest account.

A Changing Financial Environment

The substantial progress recorded this year has been achieved in the midst of a rapidly changing financial environment. Indeed, there has been a significant restructuring of the Canadian financial industry in recent years. This restructuring has occurred largely since 1967 primarily because of the greater freedom granted under the Bank Act revisions of that year. Removal of the ceiling on loan rates was the prime factor enabling banks to pay higher rates in order to attract an increased volume of deposits. Our deposits at interest have therefore grown at a much faster rate than non-interest-bearing deposits. As a result there has been a change in the deposit mix — such that the Canadian banks have a high proportion of their deposit funds at interest — much higher, for instance, than is the case in the United States banking system.

Another development affecting the operations of the banking industry has been the substantial growth in the commercial paper market. There has been an increasing tendency for larger corporations to finance more and more of their requirements outside of the banking system and since we are bankers for many large companies, this development has had its impact on us.

Perhaps of most significance, however, has been the volatility of interest rates in recent years. In 1970, in fact, we witnessed an all-time peak in interest rates at the beginning of the year, followed by the sharpest decline in Canadian history. This year, as well, interest rates have con-



tinued to fluctuate widely.

From time to time one still hears comments to the effect that bankers are free to set whatever interest rates they wish, but this is clearly not so, either for an individual bank or for the banking system as a whole. The level of interest rates is a reflection of fundamental market pressures — that is, the over-all demand for and supply of funds — and bank interest rates for both loans and deposits are set on the basis of the need to remain competitive.

As a matter of fact, during the period prior to the revision of the Bank Act when we faced a statutory limitation on the rate of interest we could charge — and conse-

quently on the rates we could pay — our deposit rates were at times not competitive. As a result throughout much of the post-war era there was a gradually declining trend in the chartered banks' share of Canadian deposit funds placed with all financial institutions. This decline came to a halt with the revision of the Bank Act in 1967. However, throughout 1969 restrictive monetary policies, which bear most heavily on the chartered banks, led to a further decline in share in that year. In the present atmosphere the banks seem to be holding their own once again.

All in all, there has quite evidently been an intensification of competition in the financial world generally and in banking in

particular. While the banks now have a great deal more scope than formerly, they are still prevented by the Bank Act from undertaking certain financial services that the banking industry could provide to the public efficiently and at reasonable cost. For instance, at the present time we are prevented from offering such services as leasing and factoring, while some other Canadian financial intermediaries, including subsidiaries of foreign banks, are permitted to do so. To me, this continued discrimination against the banks does not make sense, and hopefully there will be changes at the next Bank Act revision.

Domestic Banking

In this changing and very competitive environment we have, of course, been concerned with offering the highest possible standard of banking service. With this in mind training programs for our personnel have been greatly expanded and courses are now given in the many different skills required by bankers these days. As an indication of the large number of personnel involved, in the last three years alone there have been some 1,800 participants at management seminars, while over 2,500 attended courses in various aspects of credit granting.

We have also taken steps to ensure that we offer a wide range of competitive services within the areas open to Canadian banks. During the year, for example, we put into operation new lending programs to supply long-term financing for the purchase of vacation and mobile homes. More recently we announced another program to assist individuals to build up an investment portfolio and thus to participate directly in the development of the Canadian economy. Moreover, in the light of easier monetary conditions and substantially higher housing demand, we doubled our new allocations for residential mortgages from the amount made available annually in recent years, to just under \$200 million in 1971. We have also strongly supported various special programs sponsored by governments, such as loans to students.

A change in the senior executive structure of the Bank was made during the year by the appointment of an Executive Vice-President for western Canada, resident in Vancouver, and an Executive Vice-President

for Quebec and the Maritimes, resident in Montreal. These officers, together with the Executive Vice-President resident in Toronto, do not have line responsibility but will represent the President in strengthening our present connections throughout Canada and in developing new important customers for the Bank.

An important achievement this year was the opening of 46 new offices in Canada. While five were closed, this still represented the largest net increase in branch offices achieved in recent years. Most of these branches were opened in southern Ontario and Alberta — high growth areas where our representation was relatively low.

It will be recalled that two years ago I mentioned in my Annual Address our intention of developing suitable headquarters buildings at divisional points across Canada. Divisional offices in both Winnipeg and Halifax will be moving into new buildings next month. During the year we announced that our British Columbia divisional office would be relocated in the Bentall Centre in Vancouver where a new Bank of Montreal tower is under construction. Major new office buildings are also under consideration in Montreal, Toronto, and Calgary.

On-line Banking

It is nearly two years since the Bank's intention of developing a completely integrated on-line computerized system for our Canadian branch operations was announced. I am glad to be able to say that, despite rumours to the contrary, the project is not only on schedule but expenditures to date are well within the initial budget. It was one of our original and fundamental principles that, because ours was to be such a large system, top priority would have to be given to the testing and proving of all aspects of our program as we progressed. This principle has been rigidly adhered to in order to ensure that when the changeover to the new system is eventually made it will be effected smoothly and with a minimum of dislocation. We do not expect to move beyond the developing and testing stage for at least another year but our target date for full implementation of our system is still December 1974.

When the program was originally an-

nounced, the statement was made that none of our personnel would lose their employment or have their remuneration adversely affected through technological change. I repeat that assurance today. There can be no doubt that the development of a fully automated system will open up many more challenging and rewarding positions in the years ahead.

International Banking

It is in the international area that the most rapid expansion in the Bank's operations has occurred in recent years. Foreign currency assets have grown at annual rates averaging more than 25% over the past four years and currently represent approximately one quarter of the total assets of the Bank.

While we have not added to the number of our representative offices abroad during the past year, we have taken steps to extend the areas where we are actively seeking to sell the services of the Bank and, indirectly, to keep Canadian interests to the fore.

Through the marketing efforts of our International Banking department at Head Office and our representatives in the field, we have established banking relationships with governments, corporations, and individuals, in almost one hundred countries located in every corner of the world.

In view of the importance to Canada of international trade, we have given a special priority to assisting Canadian exporters. I am glad to say that our international trade and finance officers in Montreal and Toronto have been successful in putting together during the past year several complex financial packages, which have made possible a substantial volume of Canadian exports.

Personnel

In both of our operating areas, domestic and international, as well as in supporting facilities, it has been our aim to keep our employment policies in tune with the times. In the past few years we have conducted a detailed analysis of our entire personnel function. The areas examined have included employee attitudes towards the terms of their employment, the competitiveness of our salaries, and the appropriateness of our various compensation and benefit pro-

Two views of the attractive new main branch in Quebec City which was opened in 1971 on historic Youville Square.





grams. Many adjustments have been made in these areas and the whole spectrum of our policies concerning compensation and benefits will continue to be reviewed regularly. In addition, we have instituted a system to enable us to evaluate and document personnel performance more effectively, which in turn has allowed us to streamline our recruitment practices and to strengthen our system of manpower planning.

The implementation, monitoring, and administration of our fast growing business with its many new aspects has been a tremendous undertaking and one which could not possibly have been carried out without the hard work and diligence of all our people at all levels, who now number over 19,000. I should therefore like to take this opportunity to thank all of them most sincerely for their very strong support throughout this time of change.

Youth Project

We are particularly proud of the Bank's youth project, which I mentioned last year. You will be interested to know that all of the first graduates of the program have either been assimilated into the Bank or obtained other worthwhile employment. The project is continuing in Montreal in both English and French languages and we are also launching a similar youth project in Halifax next month. Certain grants are obtainable under Federal legislation to assist undertakings such as ours. Our project now qualifies under this legislation and I am happy to acknowledge the full co-operation of the Department of Manpower and Immigration.

The Year Ahead

Like all business concerns we must make assumptions in order to plan for the future. Notwithstanding the fact that there is no lack of problems or uncertainties, and that unemployment is likely to remain distressingly high, we are expecting a continued increase in the level of Canadian business during the current year and therefore in the demand for loans. While we may well experience a further narrowing in the spread between rates we receive on earning assets and the cost of deposits, the volume of our business should be substantially increased and our net interest revenue well maintained. We intend of course to continue our close surveillance of

controllable costs.

In the international side we have been building our organization to enable us to cope with rapidly changing conditions and I am confident that we will be able to take advantage of whatever opportunities 1972 may present. We expect, therefore, that despite the current unsettled nature of the international monetary situation, we will be able to achieve some further expansion in our business in foreign currencies during the year.

While I hesitate to use such a well worn phrase as "cautious optimism", I think this best describes our view of the outlook for the current year.

Marilyn Cochran of the United States, 1971 winner of the Bank of Montreal International World Cup ski races at Mont Ste. Anne, Quebec.



Other Business of the Meeting

Directors' Report

The directors take pleasure in submitting to the shareholders the 154th Annual Report on the result of the Bank's operations for the year ended October 31st, 1971. (See page 18 for Statement of Revenue, Expenses and Undivided Profits.)

In the financial year, 46 offices were opened in Canada and five were closed. As at October 31st, 1971 there were 1,132 offices of the Bank in operation.

To Accumulated Appropriations for Losses as shown by the relative statement, there has been added \$18,000,000 and after provision for income tax on this amount, total income taxes are \$48,636,424. In determining the provisions required for diminution in the value of loans and investments, and after careful appraisal by management, an amount of \$970,616 in respect of loans has been drawn down from Accumulated Appropriations for Losses. There has been added to this same account \$13,357,622 representing net profits on disposal of investments and the reversal of valuation provisions of prior years not now required. The sum of \$12,000,000 has been transferred from Undivided Profits to Rest Account.

The directors wish to pay tribute to the loyalty of the personnel of the Bank and express their thanks for the capable manner in which they have performed their responsibilities during the past year.

Resolutions

It was moved by the Chairman, seconded by Mr. R. D. Mulholland,

"That the Report of the Directors, as read, the Statement of Assets and Liabilities as at October 31st, the Statement of Revenue, Expenses and Undivided Profits and the Statement of Accumulated Appropriations for Losses, both for the financial year ended in October, be approved and adopted."

It was moved by Mr. R. M. Ivey, Q.C., seconded by Mr. H. J. S. Pearson,

"That clause (b) of By-law No. IV of the By-laws of the Bank enacted by the shareholders be amended by striking therefrom the figure '52' and substituting therefor the figure '51'."

It was moved by Mr. Leonard Hynes, seconded by The Hon. Hartland deM. Molson, O.B.E.,

"That Messrs. Warren Chippindale, C.A., and Lionel P. Kent, C.A., be appointed auditors of the Bank for the ensuing year."

It was moved by Mr. D. R. McMaster, Q.C., seconded by Mr. A. Searle Leach,

"That G. Arnold Hart, J. Leonard Walker and F. H. McNeil, and each of them acting alone, be and he is hereby appointed the true and lawful attorney of Bank of Montreal, with power of substitution, for and in the name of the said Bank of Montreal to attend, act and vote at any or all meetings of the shareholders of Bankmont Realty Company Limited, Bank of Montreal Trust Company, Bank of Montreal (Bahamas & Caribbean) Limited, Bank of Montreal Jamaica Limited, Hochelaga Holdings N.V., and of any other corporation controlled by the Bank.

"That 'We, the shareholders of the Bank of Montreal, do hereby appoint Mr. J. Leonard Walker, or failing him, Mr. Peter R. Shaddick, or failing him, Mr. Kenneth M. Westby, to act as proxy for this Bank, to act and vote at any and all meetings of shareholders of Bank of Montreal (California), and at any and all adjournments thereof and that the Chairman, or the President, or an Executive Vice-President, or a Vice-President located at Head Office, together with the Secretary or an Assistant Secretary of the Bank be and they are hereby authorized from time to time to execute such proxy and affix the seal of the Bank thereon, and that this resolution remain in effect until the next Annual General Meeting of the Bank of Montreal'."

Mr. T. C. Camp then nominated the respective persons whose names had been read by the Secretary for election as directors of the Bank for the ensuing year.

A Vote of Thanks

A vote of thanks was moved by Mr. Lorne C. Webster, seconded by Mr. Paul Bienvenu.

Speaking to the motion, Mr. Webster said:

"Further to formally proposing a vote of thanks to the staff of the Bank on behalf of the shareholders, I might say that

although there is the pleasant side to working for the Bank of Montreal, there are also, of course, difficulties and challenges to contend with. The Bank's strong position in the industry, and a multitude of co-workers to assist in any one individual task, are positive factors.

"These same factors, however, also create some of the difficulties, the sheer size of the Bank, while a strength in many ways, also adds to the problems of the staff, particularly at senior levels; as the job of integrating the various facets of the corporation becomes more and more complex. Moreover, the challenges due to increased competition are ever-present. Large though the Bank is, many of our competitors, particularly our foreign competitors, are larger. And, of course, competition from smaller institutions can be equally severe. This therefore necessitates increased effort on the part of the staff just to stay even.

"The Bank has done much more than stay even and I think a sincere vote of thanks is in order on behalf of the 44,000 shareholders to the 19,100 members of the Bank of Montreal staff.

"I think all of us can take pride in being connected with a rather rare entity these days, that is, a Canadian owned institution that is one of the most powerful international banking organizations and which is well-known and favourably considered in every part of the world."

Mr. Bienvenu said :

"Le succès de 'Ma Banque' découle de plusieurs facteurs et nos officiers, ainsi que les membres de notre personnel, ont su y jouer un rôle dont l'importance a été soulignée par M. Webster. Nous avons eu, au cours de cet exercice, à demander un effort considérable à tous nos collaborateurs. Ils l'ont consenti avec beaucoup de loyauté et de conscience.

"C'est donc avec plaisir que j'appuie, au nom des actionnaires, la motion qu'il vient de présenter.

"It is therefore with pleasure that I second Mr. Webster's appreciation of the shareholders for the contribution of the officers and personnel to the success of 'My Bank'."

Mr. Fred H. McNeil responded :

"It is my pleasant duty, on behalf of all personnel of the Bank, to thank Mr. Webster and Mr. Bienvenu for their remarks, and the shareholders present for their kind reception of this motion.

"The President in his Address referred to the attention we have given to our personnel policies. I reaffirm our determination, on one hand, to be among the leaders in industry in fair and equitable consideration of our employees and, on the other hand, to develop personnel who are second to none in skill, knowledge and service to the public, because we believe these are the basic elements promoting the sound growth and progress of your Bank.

"We demand a great deal from our personnel. Results for the past year demonstrate how well they have risen to the task.

"This formal expression of confidence from the shareholders will, I know, be warmly appreciated by all the Bank's employees. On their behalf: Thank you."

Statement of Revenue Expenses and Undivided Profits

For The Year Ended October 31st	1971	1970
Revenue		
Income from loans	\$516,943,450	\$543,758,414
Income from securities	101,319,235	93,662,012
Other operating revenue	63,934,402	64,710,537
Total revenue	682,197,087	702,130,963
Expenses		
Interest on deposits	361,684,890	401,677,241
Salaries, pension contributions and other staff benefits	133,709,674	125,075,658
Property expenses, including depreciation	39,406,659	35,813,485
Other operating expenses, including provision for losses on loans based on five-year average loss experience	51,329,507	46,239,670
Total expenses	586,130,730	608,806,054
Balance of revenue	96,066,357	93,324,909
Appropriation for losses (to provide for contingencies — see note)	18,000,000	17,950,000
Balance of profits before income taxes	78,066,357	75,374,909
Provision for income taxes relating thereto	39,700,000	39,479,068
Balance of profits for the year	38,366,357	35,895,841
Dividends at 77¢ (1971) and 75¢ (1970) per share	26,312,344	25,628,587
Undivided Profits		
Amount carried forward	12,054,013	10,267,254
Undivided profits at beginning of year	128,383	361,129
	12,182,396	10,628,383
Transferred to rest account	12,000,000	10,500,000
Undivided profits at end of year	\$ 182,396	\$ 128,383

Note:

Under revised rules issued in 1969 by the Minister of Finance prescribing the maximum level of accumulated general appropriations for losses, transfers to accumulated appropriations for losses are currently not deductible in the determination of taxable income. The provision for income taxes relating thereto is included in the statement of accumulated appropriations for losses.

Statement of Accumulated Appropriations for Losses

For The Year Ended October 31st	1971	1970
Accumulated appropriations at beginning of year		
General	\$ 80,472,179	\$ 92,938,313
Tax-paid	17,197,654	11,962,536
Total	97,669,833	104,900,849
Additions (deductions) during year:		
Appropriation from current year's operations	18,000,000	17,950,000
Loss experience on loans for the year, less provision for losses on loans based on five-year average loss experience included in other operating expenses	(970,616)	(10,037,009)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	13,357,622	(2,291,860)
Other profits, losses and non-recurring items, net	813,995	(1,401,745)
Provision for income taxes	(8,936,424)	(11,450,402)
Accumulated appropriations at end of year	\$119,934,410	\$ 97,669,833
Accumulated appropriations at end of year		
General	86,728,863	80,472,179
Tax-paid	33,205,547	17,197,654
Total	\$119,934,410	\$ 97,669,833

Statement of Rest Account

For The Year Ended October 31st	1971	1970
Balance at beginning of year	\$234,500,000	\$223,058,692
Premium received on capital stock subscriptions		941,308
Transferred from undivided profits	12,000,000	10,500,000
Balance at end of year	\$246,500,000	\$234,500,000

Statement of Assets and Liabilities

October 31st, 1971

Assets	1971	1970
Cash Resources		
Cash and due from banks	\$ 2,048,565,548	\$1,734,692,165
(Term deposits at interest: 1971 - \$1,513,290,599 ; 1970-\$1,202,060,678)		
Cheques and other items in transit, net	19,473,676	54,504,463
	2,068,039,224	1,789,196,628
Securities		
Securities issued or guaranteed by Canada, at amortized value	1,496,504,335	1,287,130,075
Securities issued or guaranteed by provinces, at amortized value	106,298,172	78,275,178
Other securities, not exceeding market value	259,720,592	207,790,460
	1,862,523,099	1,573,195,713
Loans		
Day, call and short loans to investment dealers and brokers, secured	402,263,994	211,771,782
Other loans including mortgages, less provision for losses	5,464,585,199	4,768,810,757
	5,866,849,193	4,980,582,539
Bank premises at cost, less amounts written off	99,216,564	88,738,808
Securities of and loans to corporations controlled by the bank	8,454,551	15,898,739
Customers' liability under acceptances, guarantees and letters of credit, as per contra	250,836,442	274,572,583
Other assets	9,477,852	7,865,638
	\$10,165,396,925	\$8,730,050,648

J. Leonard Walker,
President

Fred H. McNeil,
Executive Vice-President
and General Manager

Note :

The financial statements include the assets and liabilities and results of operations of the Bank of Montreal (California), Bank of Montreal (Bahamas & Caribbean) Limited, Bank of Montreal Jamaica Ltd., and Hochelaga Holdings N.V., wholly owned subsidiaries.

Liabilities	1971	1970
Deposits		
By Canada	\$ 204,893,583	\$ 72,499,304
By provinces	127,814,349	112,845,338
By banks	1,352,812,724	990,450,464
Personal savings payable after notice, in Canada, in Canadian currency	3,851,958,730	3,522,697,039
Other	3,912,681,420	3,324,466,190
	9,450,160,806	8,022,958,335
Sundry Liabilities		
Acceptances, guarantees and letters of credit	250,836,442	274,572,583
Other liabilities	29,439,121	31,877,764
	280,275,563	306,450,347
Accumulated appropriations for losses	119,934,410	97,669,833
Shareholders' Equity		
Capital stock —		
Authorized —		
50,000,000 shares of \$2 each		
Issued and fully paid —		
34,171,875 shares	68,343,750	68,343,750
Rest account	246,500,000	234,500,000
Undivided profits	182,396	128,383
	315,026,146	302,972,133
	\$10,165,396,925	\$8,730,050,648

Auditors' Report to the Shareholders of the Bank of Montreal

We have examined the Statement of Assets and Liabilities of the Bank of Montreal as at October 31st, 1971 and the Statement of Revenue, Expenses and Undivided Profits and the Statement of Accumulated Appropriations for Losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting

records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31st, 1971 and its revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended.

C. W. Leach, C.A.,
of the firm of McDonald, Currie & Co.

G. Meredith Smith, C.A.,
of the firm of Touche Ross & Co.

Auditors

Montreal, November 29th, 1971.

Controlled Corporations

Bank of Montreal Trust Company

(Incorporated under the Laws of the State of New York)

Statement of Assets and Liabilities, December 31st, 1970 (U.S. Currency)

Assets			
Due from banks			\$2,454,148
United States government securities			3,090,296
Other securities			837,505
Loans and advances			149,379
Other assets			82,410
			<hr/>
			\$6,613,738
<hr/>			
Liabilities			
Demand deposits			\$3,946,149
Income taxes			11,628
Other liabilities			3,297
			<hr/>
			3,961,074
<hr/>			
Shareholders' Equity			
Capital stock —			
Authorized, issued and fully paid —			
10,000 shares of \$100 each		\$1,000,000	
Surplus		1,000,000	
Undivided profits		652,664	2,652,664
			<hr/>
			\$6,613,738
<hr/>			

Note:

The charter was acquired in March, 1937, for the purpose of more satisfactorily performing certain functions in New York on behalf of the bank's clients. The capital stock, with the exception of the directors' qualifying shares, is entirely owned by the bank, and is carried in the bank's financial statement at a value of \$1,489,551.

Controlled Corporations

(continued)

Bankmont Realty Company Limited (Incorporated under the laws of Canada)

And its wholly-owned subsidiary company

Condensed Consolidated Statement of Assets and Liabilities, October 31st, 1971

Assets

Cash	\$ 520,283
Accounts receivable	8,241
Other assets	182,660
Real estate and buildings — at cost less accumulated depreciation	6,322,733
	<hr/> \$7,033,917

Liabilities

Accounts payable	\$ 1,604
Loan from Bank of Montreal	15,000
	<hr/> 16,604

Shareholders' Equity

Capital stock —		
Authorized —		
30,000 5% non-cumulative redeemable preferred shares of the par value of \$100 each		
100,000 common shares without nominal or par value		
Issued and fully paid —		
19,500 preferred shares	\$1,950,000	
100,000 common shares	5,000,000	
	<hr/> 6,950,000	
Retained earnings	67,313	7,017,313
		<hr/> \$7,033,917

Notes:

1. The capital stock, including 19,500 preferred shares issued during the year, is entirely owned by the bank and is carried in the bank's financial statement at a value of \$6,950,000.

2. Bankmont Realty Company Limited owns the entire capital stock of a subsidiary company, The St. James Land Company Limited.

Auditors' Report to the Shareholders of the Bank of Montreal

We have examined the statements of assets and liabilities of the controlled corporations as at the dates indicated. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting

evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities present fairly the financial position of the corporations as at the dates indicated.

C. W. Leach, C.A.,
of the firm of McDonald, Currie & Co.

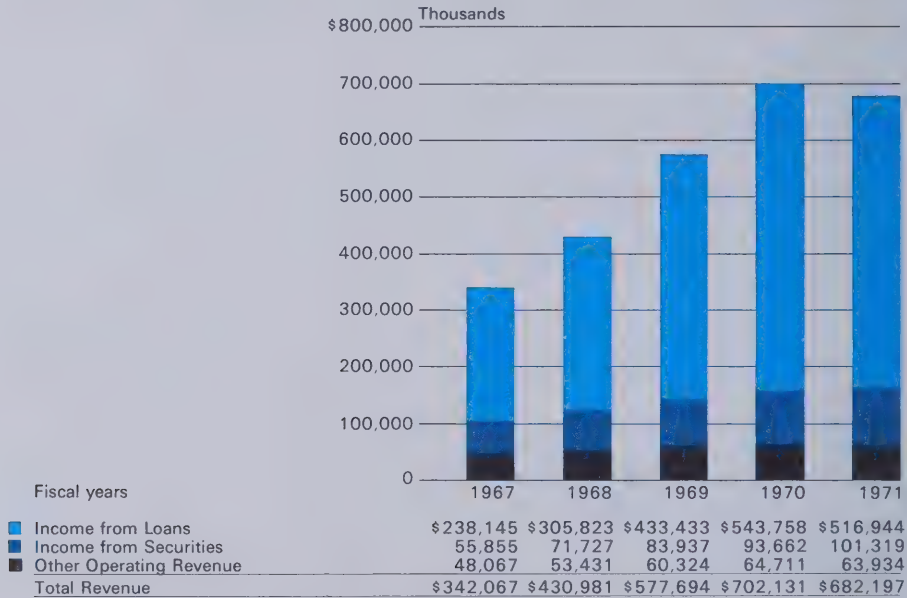
G. Meredith Smith, C.A.,
of the firm of Touche Ross & Co.

Montreal, November 29th, 1971.

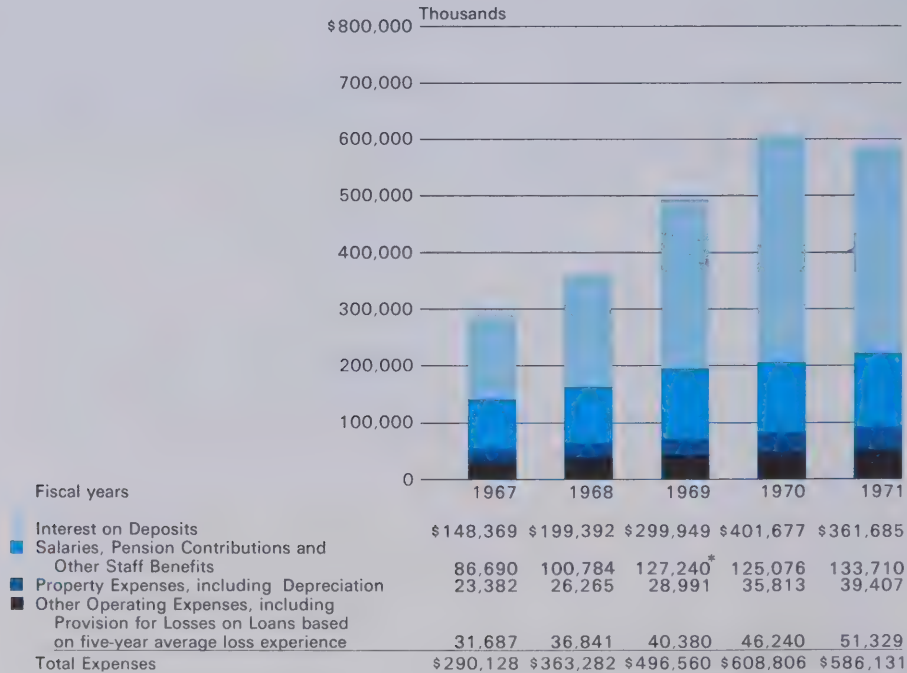
Auditors

Five Years of Growth

Revenue



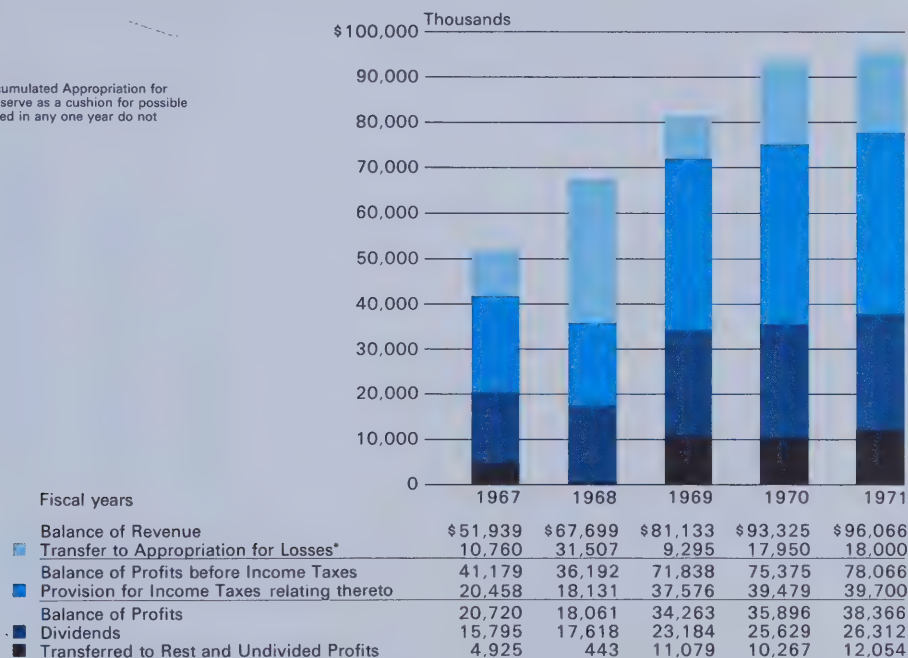
Expenses



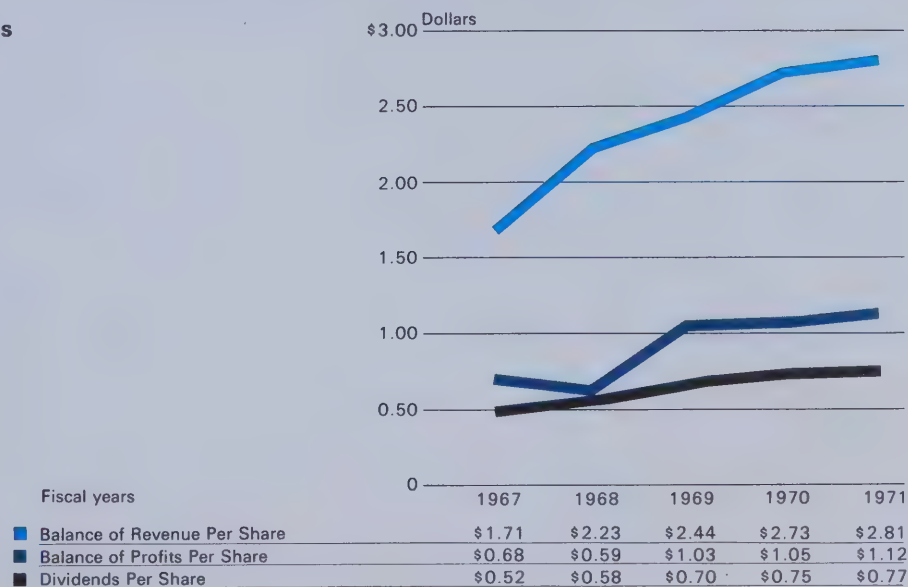
*Includes additional contribution of \$15 Million to the pension fund

Distribution of Balance of Revenue

*Note: The purpose of transfers to the Accumulated Appropriation for Losses account is to build up a reserve to serve as a cushion for possible future losses. Therefore amounts transferred in any one year do not reflect losses incurred in that year.

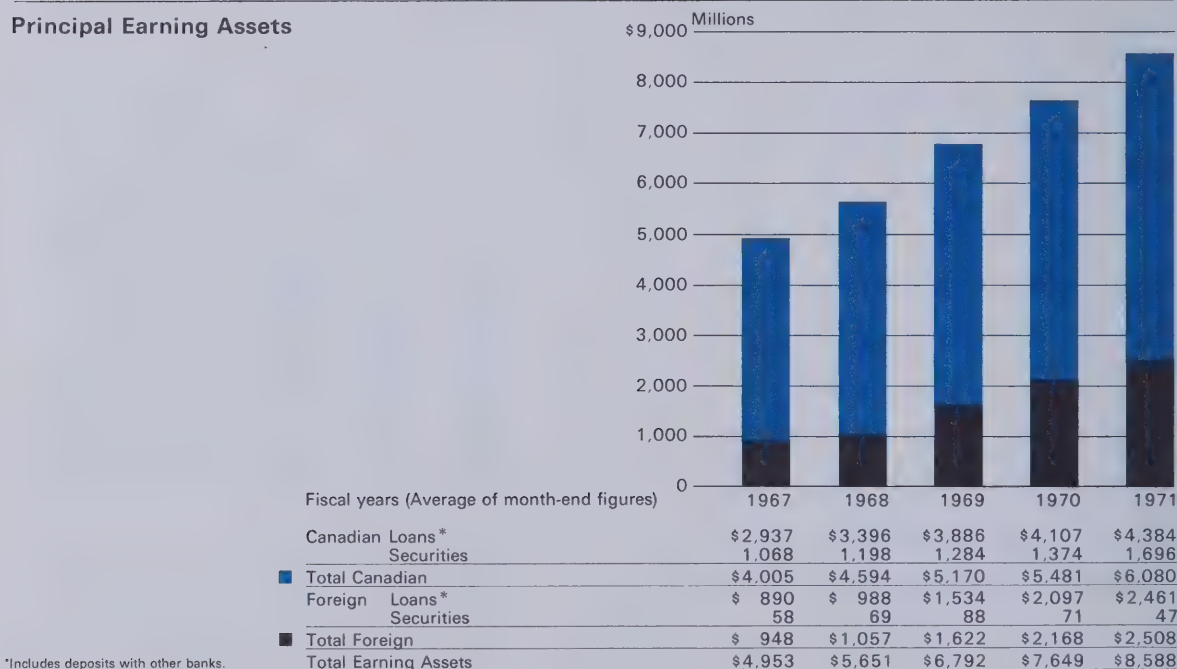


Earnings and Dividends per share



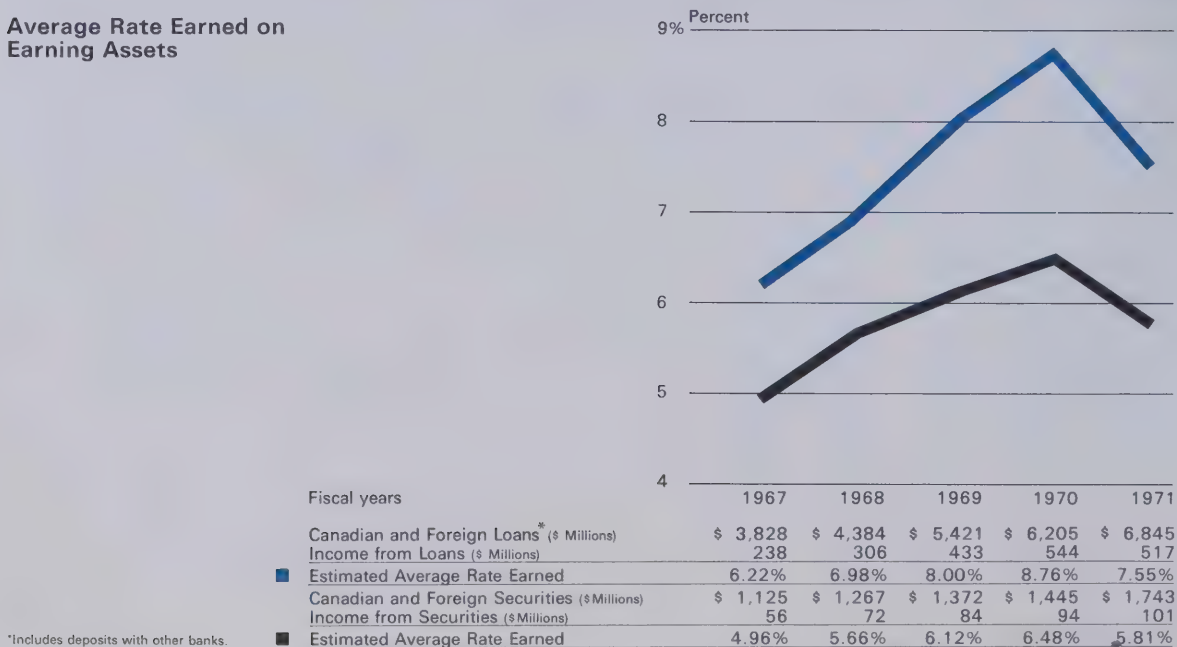
Five Years of Growth

Principal Earning Assets



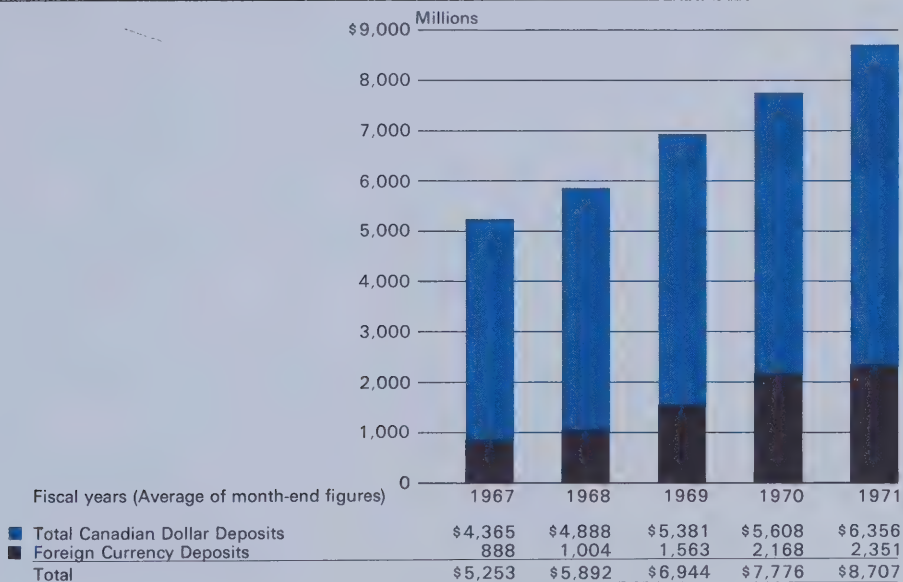
*Includes deposits with other banks.

Average Rate Earned on Earning Assets

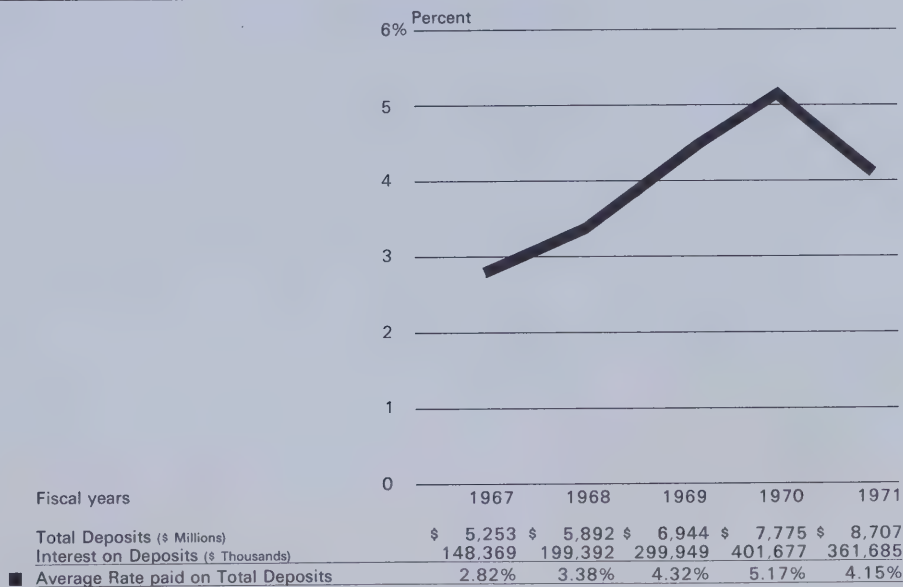


*Includes deposits with other banks.

Deposits



Average Rate Paid on Deposits



Board of Directors

G. Arnold Hart
Chairman of the Board

J. Leonard Walker
President and
Chief Executive Officer

R. D. Mulholland
Vice-Chairman

Vice-Presidents :

W. A. Arbuckle *Montreal*
Chairman of the Canadian Board,
The Standard Life
Assurance Company

Ralph B. Brenan
Saint John, N.B.
Chairman,
G. E. Barbour Company, Limited

Harold S. Foley *Vancouver*
Industrialist

A. Searle Leach *Winnipeg*
Chairman,
Federal Grain Limited

Bernard M. Lechartier *Montreal*
Chairman of the Board,
Crédit Foncier Franco-Canadien

Roger Létourneau, Q.C. *Quebec*
Partner,
Messrs. Létourneau, Stein,
Marseille, Delisle & LaRue

The Hon. Hartland deM. Molson
O.B.E. *Montreal*
Chairman, Board of Directors,
Molson Industries Limited

Budd H. Rieger *Toronto*
Vice-President,
Canadian Corporate
Management Co. Ltd.

Fred H. McNeil
Executive Vice-President
and General Manager

Directors :

Sir Peter Allen *London, England*
Chairman,
Imperial Chemical Industries Limited

W. M. Vacy Ash *Toronto*
Company Director

S. Robert Blair *Calgary*
President and Chief
Executive Officer,
The Alberta Gas Trunk Line
Company Limited

Charles R. Bronfman *Montreal*
President,
The House of Seagram Ltd.

The Hon. Sidney L. Buckwold
Saskatoon
Vice-President and
General Manager,
Buckwold's Limited

The Hon. Eric Cook, Q.C.
St. John's, Nfld.
Member of the Senate

H. Roy Crabtree *Montreal*
Chairman and President,
Wabasso Limited

Raymond Crépault, Q.C.
Montreal
Partner,
Messrs. Crépault, Fortin,
Raymond & Trahan

Nathanael V. Davis *Montreal*
President,
Alcan Aluminium Limited

Graham R. Dawson *Vancouver*
President,
Dawson Construction Ltd.

John H. Devlin *Toronto*
Chairman,
Rothmans of Pall Mall
Canada Limited

J. P. Gordon *Toronto*
President,
The Steel Company of Canada,
Limited

Donald S. Harvie *Calgary*
Senior Vice-President,
Petrofina Canada Ltd.

Anthony R. Hicks *Montreal*
President,
Sun Life Assurance
Company of Canada

Leonard Hynes *Pictou*
Chairman of the Board,
Canadian Industries Limited

R. M. Ivey, Q.C. *London, Ont.*
Partner,
Messrs. Ivey & Dowler

J. H. Mowbray Jones *Montreal*
Industrialist

David Kinneer *Toronto*
Chairman of the Board,
The T. Eaton Co. Limited

Arthur R. Lundrigan
Corner Brook, Nfld.
President,
Lundrigans Limited

J. Blair MacAulay *Winnipeg*
Partner,
Messrs. Aikins, MacAulay &
Thorvaldson

Donald A. McIntosh, Q.C.

Toronto
Partner,
Messrs. Fraser & Beatty

D. R. McMaster, Q.C. Montreal

Partner,
Messrs. McMaster, Meighen,
Minnion, Patch & Cordeau

H. C. F. Mockridge, Q.C.

Toronto
Partner,
Messrs. Osler, Hoskin & Harcourt

J. Bartlett Morgan Montreal

Chairman of the Board,
The Morgan Trust Company

William D. Mulholland

Montreal
President and
Chief Executive Officer,
Brinco Limited

Alan M. Murray Vancouver

Vice-President, Finance,
Cominco Ltd.

Robert D. Musgjerd

Hamilton, Ont.
President,
International Harvester Company
of Canada, Limited

David L. Nicolson

London, England
Chairman,
British Airways Board

The Hon. Victor deB. Oland

Halifax
Lieutenant-Governor of Nova Scotia

H. J. S. Pearson Edmonton

President,
Century Sales & Service Limited

John G. Prentice Vancouver

Chairman of the Board,
Canadian Forest Products Limited

Forrest Rogers Vancouver

President,
B.C. Sugar Refinery, Limited

Lucien G. Rolland Montreal

President and General Manager,
Rolland Paper Company Limited

George H. Sellers Winnipeg

President,
Federal Grain Limited

The Hon. James Sinclair, P.C.

Vancouver
Deputy Chairman of the Board,
Canada Cement Lafarge Ltd.

William M. Sobey

Stellarton, N.S.
President,
Sobeys Stores Ltd.

George C. Solomon Regina

President,
Western Tractor Limited

Marcel Vincent Montreal

Chairman and Chief Executive
Officer, Bell Canada

Lorne C. Webster Montreal

President,
St. Lawrence Diversified Company

Henry S. Wingate New York

Chairman,
The International Nickel
Company of Canada, Ltd.

Executive Committee

G. Arnold Hart, Chairman
W. A. Arbuckle
W. M. Vacy Ash
Ralph B. Brennan
Nathanael V. Davis
Harold S. Foley
A. Searle Leach
Bernard M. Lechartier
Roger Létourneau, Q.C.
D. R. McMaster, Q.C.
The Hon. Hartland deM. Molson, O.B.E.
R. D. Mulholland
Budd H. Rieger
Lucien G. Rolland
J. Leonard Walker

Audit Committee

W. A. Arbuckle, Chairman
Charles R. Bronfman
G. Arnold Hart
William D. Mulholland
J. Leonard Walker
Lorne C. Webster

Pension Committee

J. Leonard Walker, Chairman
W. A. Arbuckle
Anthony R. Hicks
R. D. Mulholland

Head Office

129 St. James Street West,
Montreal 126, Quebec, Canada

Chairman of the Board
G. Arnold Hart

President and
Chief Executive Officer
J. Leonard Walker

Executive Vice-President
and General Manager
Fred H. McNeil

Executive Vice-President
Resident in Vancouver
A. J. Ellis

Executive Vice-President
Resident in Toronto
H. M. MacDougall

Executive Vice-President
Resident in Montreal
M. A. Massé

Executive Vice-President,
Domestic Banking
S. M. Davison

Vice-President,
Marketing
G. T. Robertson

Vice-President,
Administration
H. D. Walford

Vice-President,
Personnel
W. F. Chadwick

Vice-President and
Secretary
C. W. Harris

Chief Accountant
J. F. Cliff

Chief Inspector
R. T. W. Salton

Supervisor,
Shareholder Services
W. F. Cable

Executive Vice-President,
International Banking
P. R. Shaddick

Senior Vice-President,
International Banking
D. R. McCallum

Vice-President,
International Banking,
Africa, Asia, Middle
East and Pacific
G. B. Baker

Vice-President,
International Banking,
United States, Caribbean
and Latin America
B. C. Marshall

Vice-President,
International Banking,
United Kingdom and
Europe
G. A. Rhéaume

Executive Vice-President,
Loans and Investments
G. N. Scott

Vice-President,
Securities
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Vice-President,
Investments
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Vice-President,
Credit
J. A. Whitney

Vice-President,
Organization,
Research and Systems
R. A. McDougall

Vice-President,
Planning and Economics
J. E. Toten

Vice-President and
Economic Adviser
N. E. Currie

Domestic Banking Offices

Atlantic Provinces Division

5151 George Street,
Halifax, N.S.

Senior Vice-President
R. W. Mackie

Quebec Division

Suite 3000, C-I-L House,
630 Dorchester Blvd. West,
Montreal, P.Q.

Senior Vice-President
J. D. C. de Jocas

Vice-President,
Eastern Quebec Region
J. G. J. Savard

Vice-President,
Western Quebec Region
H. H. Bridger

Vice-President and Manager
Main Montreal Branch,
119 St. James Street West,
Montreal 126, P.Q.
P. S. Thornton

Ontario Division

50 King Street West,
Toronto, Ontario

Senior Vice-President
J. B. Lesslie

Vice-President, Credit
D. W. Casey

Vice-President,
Eastern Ontario Region
E. J. Kelleher

Vice-President,
Central Ontario Region
J. D. Gibson

Vice-President,
Western Ontario Region
G. L. Purcell

Vice-President and Manager
Main Toronto Branch,
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Toronto 1, Ontario
J. R. McLean

Manitoba and Saskatchewan Division

330 Portage Avenue,
Winnipeg, Manitoba

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C. F. MacNaughton

Vice-President Saskatchewan Region,
1800 Scarth Street,
Regina, Saskatchewan
C. L. Wittmann

Alberta Division

140 Eighth Avenue West,
Calgary, Alberta

Senior Vice-President
R. R. Curtis

British Columbia Division

640 Pender Street West,
Vancouver, B.C.

Senior Vice-President
R. J. Kayser

Vice-President and Manager
Main Vancouver Branch,
500-520 Granville Street,
Vancouver 2, B.C.
W. Forsyth

International Banking

International Banking Offices

Canada

International Banking Ontario
50 King Street West,
Toronto, Ont.

Senior Manager,
L. W. Softley

United Kingdom

London – Main Office
47 Threadneedle Street,
London, E.C. 2R8AN.

Manager,
H. N. Little

West End Office
9 Waterloo Place,
London, S.W. 1Y4AP.

Manager,
W. D. James

United States

New York, N.Y.
Agency, Bank of Montreal,
Two Wall Street,
New York 10005.

Vice-President and
Chief Agent,
J. A. Horton

Subsidiary Companies

**Bank of Montreal
Trust Company**
Two Wall Street,
New York 10005.

President,
J. A. Horton

**Bank of Montreal
(California)**
425 California Street,
San Francisco 94104.

Branches
San Francisco Branch,
333 California Street,
San Francisco 94104.

Los Angeles Branch,
508 South Spring Street,
Los Angeles 90013.

Sacramento Branch,
812 J Street,
Sacramento 95814.

San Diego Branch,
257 C Street,
San Diego, Calif. 92101.

**Bank of Montreal
(California)** (Continued)

Directors:

Resident in
San Francisco:
R. D. Mackenzie
Donald Watson

Resident in Los Angeles:
John R. Mage
Nathaniel Paschall

Resident in Vancouver:
Harold S. Foley

Resident in Montreal:
B. C. Marshall
P. R. Shaddick
J. L. Walker

**Bank of Montreal
(Bahamas & Caribbean) Ltd.**
Harrison Building,
King and George Streets,
P.O. Box N7118,
Nassau, Bahamas.

Managing Director
R. B. Higgins

Branches
Harrison Building,
King and George Streets,
P.O. Box 6280 M.S.,
Nassau, Bahamas.

Bay and East Streets,
Nassau, Bahamas.

Churchill Building West,
P.O. Box F2608,
Freeport, Bahamas.

Directors:

Resident in the Bahamas:
E. L. Hammond, O.B.E.
Sir Guy W. Henderson, Q.C.
R. B. Higgins
Hon. K. G. L. Isaacs,
C.B.E., Q.C.
Noé A. Timmins Jr.

Resident in Montreal
P. R. Shaddick
J. L. Walker

**Bank of Montreal
Jamaica Ltd.**
111-115 Harbour Street,
Kingston, Jamaica.

General Manager,
R. J. F. Adams

Branches
111-115 Harbour Street,
Kingston, Jamaica.

13½ Constant Spring Road,
P.O. Box 121,
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Branches – Continued

New Kingston Branch,
73 Knutesford Blvd.,
Kingston 5, Jamaica.

Hochelaga Holdings N.V.
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President and
Managing Director,
C. E. Noblet

Representative Offices

Continental Europe

France
Paris – 10 Place Vendôme,
Paris 1er.

Representative,
A. Gibeault

**Federal Republic of
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Düsseldorf – Königsallee 6.

Representative,
J. Kelderman

Italy
Milan – 7 via San Paolo.

Representative,
J. P. Robillard

The Netherlands
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Representative,
C. E. Noblet

United States

Chicago, Ill.
Suite 2700,
Board of Trade Building,
141 West Jackson Blvd.,
Chicago 60604.

Representatives,
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Suite 413,
1021 Main Street,
Houston 77002.

Representative,
W. H. Moise

Latin America

Argentina
Palacio de Sociedades
Anonimas,
Florida 1,
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Representative,
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Mexico
Avenida Isabel
la Catolica 43-401
Mexico 1, D.F.

Representative,
Dr. Luis A. Gonzalez

Australia

Dalgely House,
461 Bourke Street,
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Representative,
W. H. Hill

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Japan
Tokyo – New Tokyo Building,
Room 419, No. 2, 3-chome,
Marunouchi, Chiyoda-ku,
Tokyo 100.

Representative,
P. A. Blamar

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Representative,
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Affiliated Companies

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Montfield Trust Co.,
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